BANK OF CANADA
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Senior Loan Officer Survey

on Business-Lending Practices in Canada

Results of the First-Quarter 2009 Survey

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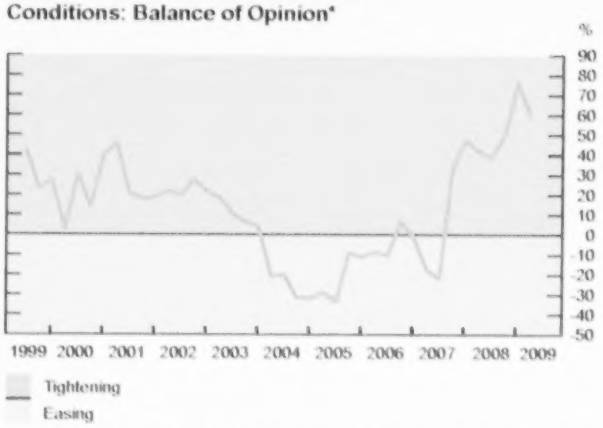
This Senior Loan Officer Survey focused on changes to business-lending practices in the first quarter of 2009.

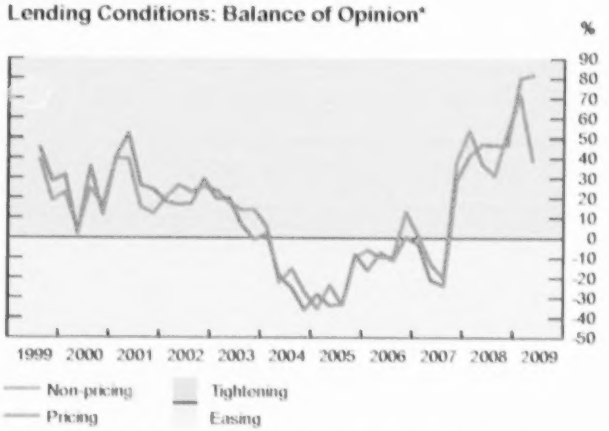
- Survey respondents reported continued tightening in lending conditions.
- Respondents attributed the ongoing tightening to concerns about the economic outlook and to industry-specific factors.
- Although overall lending conditions continued to tighten, the tightening was somewhat less widespread than in the preceding quarter (Chart 1). Note that the balance of opinion indicates only the amount of agreement among respondents about the direction of the change in conditions; it does not provide any information on the magnitude of the change.
- Both pricing and non-pricing aspects of business-lending conditions continued to tighten (Chart 2).
- The balance of opinion on tightening in pricing conditions was the highest recorded since the survey began in 1999. Responses on pricing conditions indicate an increase in spreads over base rates and/or fees.
- The tightening in non-pricing conditions was less generalized, however, with many respondents indicating that these conditions had remained unchanged since the fourth quarter of 2008. Responses on non-pricing conditions indicate a tightening in the terms and standards for loans and/or limits on the amounts of funds allocated to some sectors.

Chart 1: **Overall Business-Lending Conditions: Balance of Opinion***



* The balance of opinion is calculated as the weighted percentage of surveyed financial institutions reporting tightened credit conditions minus the weighted percentage reporting eased credit conditions. Thus, a positive balance of opinion implies a net tightening. The chart shows the average of the balances of opinion for the pricing and non-pricing dimensions of lending conditions.

Chart 2: **Pricing and Non-Pricing Lending Conditions: Balance of Opinion***



Note: Each series is the simple average of the balances of opinion for the small business, commercial, and corporate sectors.

* The balance of opinion is calculated as the weighted percentage of surveyed financial institutions reporting tightened credit conditions minus the weighted percentage reporting eased credit conditions.

The Senior Loan Officer Survey collects information on the business-lending practices of major Canadian financial institutions. In particular, the survey gathers the perspectives of respondents on price and non-price terms of business lending and on topical issues of interest to the Bank of Canada. The survey is conducted quarterly, near the end of the quarter for which the results are reported. The first-quarter survey was conducted between 17 March and 24 March 2009. Additional information on the survey is available on the Bank of Canada's website at <http://www.bankofcanada.ca/en/slos/index.html>.

The survey results summarize opinions expressed by the respondents and do not necessarily reflect the views of the Bank of Canada.

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